ANNUAL REPORT 1999

PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION COMMISSION

DEPARTMENT OF EDUCATION

FOR THE SCHOOL YEAR ENDING

JUNE 30, 1999

TO HIS HONOUR
THE HONOURABLE GILBERT CLEMENTS
LIEUTENANT GOVERNOR OF THE PROVINCE
OF PRINCE EDWARD ISLAND

MAY IT PLEASE YOUR HONOUR

I have the honour to submit herewith the annual report of the Prince Edward Island Teachers' Superannuation Commission for the school year ending June 30, 1999, including certain tables, reports and other matters containing information relative to the administration of the Prince Edward Island Teachers' Superannuation Act.

I have the Honour to be, Sir
Your Obedient Servant

Chester Gillan
Minister of Education

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2. Report of the Auditor-General

Members - P.E.I. Teachers' Superannuation Commission for the period July 1, 1998 to June 30, 1999.

Elaine Noonan[1] (chair)

P. Allan Murphy[2]

John Rogers[2]

Al Ledgerwood[2]

Gar Andrew[1]

Byron Cutcliffe[1]

Terry Hogan[3]

1. Appointee of Minister of Education
2. Appointee of P.E.I. Teachers' Federation
3. Appointee of the Provincial Treasurer

Secretary to the Commission - Ronald F. Rice

BILL NO. 33 1999

An Act to Amend the Teachers' Superannuation Act

BE IT ENACTED by the Lieutenant Governor and the Legislative Assembly of the Province of Prince Edward Island as follows:

1. Section 22 of the *Teachers' Superannuation Act* R.S.P.E.I. 1988, Cap. T-1 is amended

(a) in subsection (1) by the deletion of the word "sixty" and the substitution of the words "sixty-five"; and

(b) by the repeal of subsection (2).

2. Section 24 of the Act is amended

(a) in subsection (1) by the deletion of the words "one-half" and the substitution of the words "three-fifths";

(b) by the repeal of subsection (2) and the substitution of the following:

Payment to dependent

(2) Where a teacher dies after five years of service and before retirement, leaving dependent children in addition to a spouse entitled to a pension under subsection (1), one-quarter of the remaining two-fifths of the pension to which the teacher would have been entitled if the teacher had retired by reason of incapacity immediately prior to death, shall be paid for each child until the child attains the age of sixteen years, or to age twenty five years if the child continues to attend school, and in no case shall payment to such children exceed three-quarters of the remaining two-fifths of the pension.

(c) by the repeal of subsection (3) and the substitution of the following:

Dependant children but no spouse, payment to

(3) Where a teacher dies after five years of service and before retirement leaving dependent children but no spouse, a total pension equal to three-fifths of the pension to which the teacher would have been entitled if the teacher had retired by reason of incapacity immediately prior to death, shall be paid on behalf of any children under the age of sixteen years, or under the age of twenty five years while they are

attending school and the allowance shall be paid to the guardian or guardians of the children or to any person designated by the Minister.

3. Section 25 of the Act is amended

(a) in subsection (1) by the deletion of the words "one half" and the substitution of the words "three fifths";

(b) by the repeal of subsection (2) and the substitution of the following:

Dies while receiving pension, payment to spouse and dependent children

(2) Where a teacher dies while receiving pension leaving dependent children in addition to a spouse entitled to a pension under subsection (1), one-quarter of the remaining two-fifths of the pension which the teacher was receiving shall continue to be paid for each child until the child attains the age of sixteen years, or to age twenty five years if the child continues to attend school, and in no case shall payment to such children exceed three-quarters of the remaining two-fifths of the pension.

(c) by the repeal of subsection (3) and the substitution of the following:

Dependent children, no spouse, payments where

(3) Where a teacher dies while receiving pension leaving dependent children but no spouse, a total pension equal to three-fifths of the pension which the teacher was receiving shall continue to be paid on behalf of any children under the age of sixteen years, or under the age of twenty five years while they are attending school and the pension shall be paid to the guardian or guardians of the children or to any person designated by the Minister.

4. This Act comes into force on a date fixed by proclamation of the Lieutenant Governor in Council. This was proclaimed on April 30, 1999.

EXPLANATORY NOTES

SECTION 1 changes the pension reduction date from age 60 to age 65, and deletes the table in subsection (2) which is spent in parts and no longer applicable in other parts.

SECTIONS 2 and 3 change the child's age to 25 from 18 for those still in school. They also change the portions of pension available to 1/4 of the remaining 2/5 of the pension for the survivors. The maximum portion of the pensions is set at 3/4 of the remaining 2/5 of the pension.

APPLICATIONS FOR SUPERANNUATION

During the period July 1, 1998 to June 30, 1999 the following applications for superannuation were approved:

NAME	DATE OF BIRTH	AUTHORITY	ANNUAL ALLOWANCE	EFFECTIVE DATE
Ahearn, Irma	12/9/45	16(1)(b)	17063	Sept. 12/2000
Arsenault, Raymond	13/5/45	16(1)(b)	28928	May 13/2000
Bailey, Barbara	18/5/44	16(1)(d)	29620	July 1/99
Barwise, Ann	9/9/43	16(1)(b)	30782	July 1/99
Barwise, Sherrill	22/9/44	16(1)(b)	28197	Sept. 22/99
Batchilder, Paul	18/1/43	16(1)(b)	31626	Feb. 1/99
Batchilder, Susan	1/8/53	16(1)(c)	24450	July 1/99
Bernard, Ida	19/5/44	16(1)(b)	30016	July 1/99
Bowley, Wayne	22/5/51	25(1)(2)	17270	Aug. 3/98
Brander, Charles	12/4/48	16(1)(c)	33947	July 1/2000
Buote, Arthur	16/10/45	16(1)(b)	27288	Oct. 16/2000
Burge, Marie	27/7/38	16(1)(a)	1327	Aug. 1/98
Callaghan, Marilyn	26/10/45	16(1)(b)	30153	Oct. 26/2000
Campbell, John P.	28/3/45	16(1)(b)	30245	Mar. 28/2000
Carpenter, James W.	16/7/43	16(1)(b)	34001	July 1/99
Carter, Donald	13/1/44	16(1)(b)	31601	July 1/99
Chambers, Ronald C.	7/9/44	16(1)(b)	28928	Sept. 7/99
Clement, Jenet L.	5/2/40	16(1)(a)	25441	Feb. 5/2000
Cotton, Judy	13/1/44	16(1)(b)	26317	July 1/99
Crawford, Bernard	19/4/38	16(1)(a)	39363	July 1/99
Dalton, Mary L.	4/4/46	16(1)(b)	28197	Apr. 4/2001
Doiron, Louise	16/1/46	16(1)(b)	30016	Jan. 16/2001
Doyle, Sr. Christina	7/3/44	16(1)(b)	27976	July 1/99
Dudley, Gordon	7/3/44	16(1)(b)	35977	July 1/99
Elliott, Kay	31/7/45	16(1)(b)	29698	Aug. 1/2000
Ellis, Lynden	18/1/44	16(1)(b)	32448	July 1/99
Ford, Victoria	7/5/45	16(1)(c)	1602	May 1/2005
Fougere, Myra	23/9/39	16(1)(a)	24604	Sept. 23/99
Frizzell, Vernon	27/6/43	16(1)(b)	32785	July 1/99
Gallant, Bernard L.	26/8/46	16(1)(b)	27288	Aug. 26/2001
Gallant, Edmond J.	24/8/46	16(1)(b)	29396	Aug. 24/2001
Gallant, Ronald C.	23/1/44	16(1)(b)	38410	July 1/99
Gallant, Ronald J.	27/3/45	16(1)(b)	27288	Mar. 27/2000
Garg, Helene	21/7/42	16(1)(b)	24500	July 1/99
Gaudet, Darryl	12/6/43	16(1)(b)	30926	July 1/99
Gauthier, Gerard	19/5/46	16(1)(b)	27288	May 19/2001

Gauthier, Marlene	1/7/46	16(1)(b)	28879	July 2/2001
Giddings, Percy	23/3/46	16(1)(b)	27288	Oct. 16/2000
Graham, Allan	1/4/46	16(1)(d)	33846	July 1/99
Hendricken, Doris	10/10/39	16(1)(b)	27478	July 1/99
Henry, Larry	10/12/45	16(1)(b)	28188	Dec. 10/2000
Hughes, Robert V.	6/8/46	16(1)(b)	28682	Aug. 6/2001
Hutt, Virginia	26/11/45	16(1)(b)	27307	Nov. 26/2000
Jay, Linwood	6/5/44	16(1)(b)	35121	July 1/99
Jelley, Swabey	17/10/45	16(1)(b)	31571	Oct. 17/2000
Jones, Heather	24/9/45	16(1)(b)	29880	Sept. 24/2000
Keefe, Marie	11/12/43	16(1)(d)	32136	July 1/99
Kelly, Ann	2/9/36	16(1)(a)	22339	July 1/99
Kelly, Edmund	29/12/45	16(1)(b)	36060	Dec. 29/2000
Kelly, Martin	27/5/44	16(1)(b)	33618	July 1/99
Keough, Winston	6/12/43	16(1)(b)	30836	Jan. 1/99
Kerwin, Mary	29/5/46	16(1)(b)	30562	May 29/2001
Lawless, Neville	13/7/43	16(1)(b)	30926	July 1/99
LeClair, David	15/10/42	16(1)(b)	30926	July 1/99
McCabe, Phyllis	28/4/43	16(1)(d)	33129	July 1/99
McCardle, Patricia	10/7/44	16(1)(b)	28928	July 10/99
MacCormack, J. Frank	11/7/45	16(1)(b)	28865	July 4/2000
MacBeth, Nora	9/12/43	16(1)(d)	27849	Jan. 1/99
MacDonald, Audrey	19/1/45	16(1)(b)	28188	Jan. 19/2000
MacDonald, J. Hugh	24/7/45	16(1)(b)	30037	July 24/2000
MacDonald, Philip K.	6/3/44	16(1)(b)	31571	July 1/99
MacDonald, Ronald F.	27/4/40	16(1)(a)	27642	Apr. 27/2000
MacDonald, Thomas	13/8/45	16(1)(b)	30814	Aug. 13/2000
MacDonald, Wallace	23/11/44	16(1)(b)	27333	Nov. 23/99
MacEwen, Ferne	30/1/45	16(1)(d)	31836	July 1/99
MacIntosh, Jean	23/3/45	16(1)(d)	31836	July 1/99
MacIntyre, H. Jane	18/7/43	16(1)(b)	34746	July 1/99
McKenna, Reginald	19/8/44	16(1)(b)	29557	Aug. 19/99
McKenney, Faith-Marie	18/11/38	16(1)(a)	29352	July 1/99
MacLellan, Carol	20/2/46	16(1)(b)	33130	Feb. 20/2001
MacPhail, Annie E.	30/9/44	16(1)(d)	35705	July 1/99
MacPhail, Jean	12/4/39	16(1)(a)	25450	July 1/99
McQuaid, Emma	5/6/46	16(1)(b)	30871	June 5/2001
McQuaid, Frank	4/5/45	16(1)(b)	31821	May 4/2000
McQuaid, Helen	3/4/42	16(1)(b)	29355	July 1/99
McQuaid, Yvonne	15/3/44	16(1)(b)	29281	July 1/99
Matheson, Lois	11/8/44	16(1)(d)	27809	Dec. 1/98
Matheson, Shirley	2/11/47	16(1)(b)	27379	Nov. 2/2002
Mathis, Rosemary	28/3/38	16(1)(a)	8923	July 1/99
Matters, Mary	2/8/43	16(1)(b)	24148	July 1/99
Meek, Gerald	5/10/43	16(1)(b)	34982	July 1/99

Mellish, Anne	4/10/41	16(1)(b)	28987	Feb. 1/99
Montgomery, Bruce	21/8/44	16(1)(b)	31628	Aug. 21/99
Moore, Charles	11/6/47	16(1)(a)	10326	July 1/2007
Moore, Evelyn	30/3/51	16(1)(a)	10790	April 1/2011
Morrison, Hubert	21/12/41	16(1)(b)	33750	July 1/99
Murphy, Christine	28/4/46	16(1)(b)	27679	Apr. 28/2001
Nicholson, Frank	1/11/35	16(1)(a)	18449	July 1/99
Nimmo, James C.	12/7/36	16(1)(a)	17354	March 1/99
O'Malley, John	30/12/44	16(1)(b)	32390	Dec. 31/99
Peardon, Mary K.	7/6/45	16(1)(b)	28197	June 7/2000
Peters, Ada	19/12/40	16(1)(a)	23858	Dec. 19/2000
Phillips, Carl	27/11/45	16(1)(b)	31102	Nov. 27/2000
Phillips, Elizabeth	29/12/39	16(1)(b)	30171	March 1/99
Pickens, Elizabeth	18/7/38	16(1)(a)	5572	July 1/99
Praught, Gerald	29/11/44	16(1)(b)	33777	Nov. 29/99
Rayner, Carol	24/4/45	16(1)(b)	31081	Apr. 24/2000
Reilly, Carmel	3/10/45	16(1)(b)	24052	Oct. 3/2000
Ripley, Frederick	25/3/42	16(1)(b)	33099	July 1/99
Rogerson, Angus	26/9/43	16(1)(b)	31821	July 1/99
Rowe, John	20/11/44	16(1)(b)	35045	Nov. 20/99
Schurman, Marsha	14/1/46	16(1)(b)	29107	Jan. 14/2001
Shea, Cecil	19/8/42	16(1)(b)	32785	July 1/99
Sherren, Wanda	9/9/40	16(1)(b)	28568	July 1/99
Smith, Sr. Bernice	27/4/40	16(1)(a)	17019	Apr. 27/2000
Smith, Donald	14/3/45	16(1)(b)	32171	Mar. 14/2000
Smith, Gerard	10/9/42	16(1)(b)	31417	July 1/99
Smith, Patricia	11/1/45	16(1)(b)	29216	Jan. 11/2000
Smith, Ruth	30/9/45	16(1)(b)	33882	Sept. 30/2000
Stewart, Rupert	23/12/44	16(1)(b)	31821	Dec. 23/99
Tattrie, Marjory	10/10/44	16(1)(d)	35260	July 1/99
Whitty, Freeman	22/7/35	16(1)(a)	14264	July 1/99
Winslow, Martin	11/9/43	16(1)(b)	27288	July 1/99
Wright, Larry	6/2/44	16(1)(b)	40725	July 1/99
Young, Eva	14/7/35	16(1)(a)	19101	July 1/99

SUPERANNUATES DECEASED DURING THE PERIOD JULY 1/98 TO JUNE 30/99

NAME	DECEASED	AGE
Ferguson, Doris	August 11/98	79
Ferguson, Jean	August 21/98	83
MacMillan, Jean	October 7/98	84
Stevenson, Winnifred	October 13/98	74
Todd, Albert	October 20/98	92
Doucette, Eric	November 28/98	58
MacAulay, Sr. Cecelia	December 4/98	92
Stewart, Lea	December 26/98	58
Allain, Jean	January 8/99	58
Gaudin, Hermine	January 14/99	84
Gillan, Marian	January 21/99	87
Smallman, Hilda	January 29/99	70
Prowse, Bessie	February 1/99	102
Perry, Lois	February 27/99	57
Campbell, Reta M.	April 12/99	76
Murphy, Theresa	April 22/99	93
Frost, May	April 24/99	91
MacWilliams, J.A. Stewart	May 3/99	92
Bell, Roberta	May 13/99	84
Molyneaux, Marita	May 15/99	94
Murphy, Louise	June 27/99	94

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

FINANCIAL STATEMENTS

JUNE 30, 1999

AUDITOR GENERAL

CHARLOTTETOWN

PRINCE EDWARD ISLAND

AUDITOR'S REPORT

To the Commissioners of the
Teachers' Superannuation Commission
Province of Prince Edward Island

I have audited the Statement of Net Assets Available for Benefits of the Province of Prince Edward Island Teachers' Superannuation Fund as at June 30, 1999 and the Statement of Changes in Net Assets Available for Benefits for the year then ended. These financial statements are the responsibility of the Teachers' Superannuation Commission. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 1999 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

J. Wayne Murphy, FCA
Auditor General

Charlottetown, Prince Edward Island
December 31, 1999

STATEMENT 1

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

as at JUNE 30, 1999

	1999	1998
Assets		
Cash	$ 408,965	$ 818,104
Contributions receivable - employee	7,693	-
Contributions receivable - employer	7,155	2,741
Accrued interest & other accounts receivable	1,421	3,260
Short term loan to Province	900,000	1,000,000
	1,325,234	1,824,105
Investments (Note 3)		
Province of Prince Edward Island Master Trust	245,136,665	230,314,384
Cash (overdraft) held for investment	(804)	(16)
	245,135,861	230,314,368
Total Assets	$246,461,095	$232,138,473
Liabilities		
Installment buybacks (Note 2[c])	6,006	5,617
Accounts payable	563,737	437,541
Total Liabilities	569,743	443,158
Net assets available for benefits	$245,891,352	$231,695,315

(The accompanying notes are an integral part of these financial statements)

ON BEHALF OF THE COMMISSION

COMMISSIONER: _____

COMMISSIONER: _____

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED JUNE 30, 1999

	1999	1998
INCREASE IN ASSETS		
Investment income		
Interest on investments	$ 8,341,802	$ 6,018,052
Dividends	991,707	1,059,389
Other income	33,907	22,292
	9,367,416	7,099,733
Market value increase (decrease)	(137,463)	15,267,973
Contributions		
Employees' contributions	5,221,493	5,114,369
Employers' contributions	5,221,493	5,114,369
Transfers from other plans	727,568	542,397
Buybacks	203,235	94,716
Contribution towards unfunded liability (Note 5)	12,121,202	23,883,141
	23,494,991	34,748,992
Total Increase in Assets	32,724,944	57,116,698
DECREASE IN ASSETS		
Administrative costs	111,005	109,042
Custodial and management fees	645,618	457,396
Refunds	84,143	66,734
Pensions paid	17,550,885	16,170,288
Transfers to other plans	137,256	269,018
Total Decrease in Assets	18,528,907	17,072,478
Increase in net assets	14,196,037	40,044,220
Net assets available for benefits at beginning of the year	231,695,315	191,651,095
Net assets available for benefits at end of the year	$245,891,352	$231,695,315

(The accompanying notes are an integral part of these financial statements)

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1999

1. Description of Plan

The following description of the Teachers' Superannuation Plan is a summary only. For more complete information, reference should be made to the Teachers' Superannuation Fund.

(a) General
The plan is a contributory defined benefit plan covering teachers as defined under the Teachers' Superannuation Act. Under the plan, employees and the employer make equal contributions of 7.2% on that part of salary on which Canada Pension Plan contributions are made and 9.0% on salary when Canada Pension Plan contributions are not required.

(b) Pensions
Pensions payable are based on the number of years of service times 2% multiplied by the average of the 5 years of the highest annual salary rate on which the teacher made contributions.

(c) Disability Pension
A disability pension is available at any age to a teacher who retires from teaching service because of total and permanent disability who has contributed to the Fund for 5 or more years.

(d) Survivors' Pension
A survivor pension is paid to a spouse and allowances are provided to dependent children of a member who has at least 5 years service.

(e) Death Refunds
If a teacher dies before becoming eligible for a pension, a refund of contributions made plus interest shall be made to their personal representative.

(f) Withdrawal Refunds
Upon application and subject to limitations within the Teachers' Superannuation Act, a person who ceases to teach is entitled to a refund of all contributions made by the individual to the fund.

(g) Income Tax
The plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income tax.

PROVINCE OF PRINCE EDWARD ISLAND

TEACHERS' SUPERANNUATION FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

JUNE 30, 1999

2. Summary of Significant Accounting Policies

(a) Basis of Presentation
These financial statements are prepared on the going concern basis and present the aggregate financial position of the plan as a separate financial reporting entity independent of the sponsor and plan members. They are prepared to assist plan members and others in reviewing the activities of the plan for the fiscal period but they do not portray the funding requirements of the plan or the benefit security of individual plan members.

(b) Investments are valued at market value as reported by the custodian of the Master Trust at June 30, 1999.

(c) A past service buyback by installment plan was implemented in September 1983. Under this plan installments are accumulated for individual participants in a special fund until a sufficient amount is available to complete the buyback transaction. At that time the total buyback amount is recorded as a contribution to the Pension Fund.

3. Investments

Investments of the Civil Service Superannuation Fund, MLA's pension funds, and the Teachers' Superannuation Fund are consolidated into the Province of Prince Edward Island Master Trust. As of June 30, 1999 there were 532,073.756 units held in the Province of Prince Edward Island Master Trust, of which the Teachers' Superannuation Fund held the following:

Units held	213,799.827
Market Value per unit	$1,146.57
Total market value held	$245,136,665

Investments of the Province of Prince Edward Island Master Trust at June 30, 1999 are as follows:

Canadian T-Bills	$24,752,779
Other liquid assets	185,122
Bonds, debentures and notes	216,628,367
Canadian equity securities	239,688,735
Foreign equity securities	116,652,125
Accrued income receivable	3,268,272
Real estate	8,884,898
Total	$610,060,298

3. Investments (continued)

The investments of $610,060,298 include amounts which the Master Trust Fund managers have invested in their own pooled funds. The June 30, 1999 market values of these related parties investments are as follows:

Sceptre Investment Counsel Limited	$ 47,424,224
Beutel, Goodman & Company Ltd.	26,067,107
McLean Budden Limited	35,715,343
NewCastle Capital Management Inc.	43,314,469
Templeton Management Limited	44,944,690
	$197,465,833

4. Obligations for Pension Benefits

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and best estimate assumptions. An Actuarial Valuation was made as of July 1, 1996 by Morneau, Sobeco, Coopers and Lybrand. An Actuarial Valuation as of July 1, 1999 has not been completed. The actuarial present values of benefits as at July 1, 1996 and the principle components of changes from the previous Actuarial Valuation as at July 1, 1993 were as follows:

Actuarial present value of accrued pension benefits at July 1, 1993	$349,956,000
Interest on actuarial present value of accrued pension benefits	90,887,800
Actuarial present value of benefits accrued in the intervaluation period	29,005,900
Interest on present value of benefits accrued in the intervaluation period	3,530,200
Benefits paid	(40,454,600)
Interest on benefits paid	(4,801,300)
Gain re change in actuarial assumptions	(8,391,000)
Gain re change in plan provisions	(93,410,000)
Net experience gain	(16,482,000)
Actuarial present value of accrued pension benefits at July 1, 1996	$309,841,000

The economic assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant long-term actuarial assumptions used in the valuation were:

Asset rate of return	8.25 % per annum
Basic salary escalation rate	4.5 % per annum
Pension cost of living increases	2.1 % per annum

The actuarial asset values used in the valuation were:

Actuarial value of net assets available for benefits	$162,627,000

5. Funding Policy

The employer matches employee contributions to the Fund. Under Section 9(3) of the Teachers' Superannuation Act, all payments required by the Act are guaranteed by the Province of Prince Edward Island. An Actuarial Valuation Report of the Fund as of July 1, 1996 was conducted by Morneau, Sobeco, Coopers and Lybrand. This report indicated there was an unfunded liability of $147.2 million.

The unfunded liability amount of $147.2 million does not include an allowance for the present value of the future contributions noted below. The present value of remaining special contributions required by the Teachers' Superannuation Act as at July 1, 1996 is $68,114,000. If this present value had been considered for the actuarial balance sheet, the unfunded liability at July 1, 1996 would be $79,100,000.

As of June 30, 1999, the estimated unfunded liability after deducting the present value of the remaining special payments is estimated at $83.3 million.

The Teachers' Superannuation Act was amended to reflect that the Province of Prince Edward Island shall pay $129.44 million into the Fund over a period of 10 years for the purpose of reducing the unfunded liability of the Fund. The Act was further amended in 1997 to provide for payments in accordance with the following schedule.

Date of Payment	Amount Payable to Fund
April 1, 1995	$23.60 Million
April 1, 1996	11.76 Million
March 31, 1998*	11.76 Million
April 1, 1998	11.76 Million
April 1, 1999	11.76 Million
April 1, 2000	11.76 Million
April 1, 2001	11.76 Million
April 1, 2002	11.76 Million
April 1, 2003	11.76 Million
April 1, 2004	11.76 Million

* An amount equal to the revenue that would otherwise have been earned for the period April 1, 1997 to March 31, 1998, on the contribution for the 1997-1998 fiscal year that is deferred to March 31, 1999, shall be paid in seven equal annual installments, commencing on April 1, 1998. The installment referred to above is $361,202 per year.

6. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Fund's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Fund, will be fully resolved.